

# **King County Employees Deferred Compensation Plan**

## **Board Meeting Minutes**

November 09, 2016

**Board Members:** Krista Camenzind, Thomas Friedman, Doug Hodson, Nigel Lewis, Lisa Parriott, Pat Sainsbury and Mary Beth Short

**Staff:** O.C. Collier-Brown

**Guests:** Jayson Davidson of Hyas, Michelle Fujiwara, Ryan Kellogg and Guen Toste of T. Rowe Price

### **Agenda Review**

None

### **Participant / Employee Comments**

Participant, Ryan Kellogg is requesting the board to review and discuss adding a loan provision to the Plan.

This topic has been heard by the Board a number of times over the past 10 years and continues to be something under consideration. Again the Board voiced concern over the potential administrative cost/burden and the participant asset "leakage" that often accompanies loan programs. Going forward, the Board will continue to assess the possibility of adding a loan feature and the provisions that should be included with the feature.

Loan provisions will be discussed at the next scheduled meeting to allow other members to weigh in on the topic.

### **Adopt August Meeting Minutes**

The August meeting minutes were adopted as written.

### **Report of the Third Party Administrator**

Third quarter 2016 information was circulated prior to the meeting. During the meeting, Guen Toste distributed an Executive Summary handout.

The following Plan highlights were noted as of September 30, 2016:

- Plan assets were \$792,301,683 representing a 10.2% increase since October 1, 2015;
- There were 8,285 participants in the Plan;
- The average Participant account balance was \$95,616; and
- Notably, there were 156 participants with a balance between \$500,000 and \$750,000, 28 participants with a balance between \$750,000 and \$1 million and 6 participants with a balance between \$1 and \$1.5 million.

Guen informed the board that T. Rowe Price will be changing their self-directed brokerage account platform to the Schwab platform in 2017. Guen plans to have more information about the change in February 2017.

The Board revisited the topic of replacing the current T. Rowe Price Target Retirement Date mutual fund options with the commingled trust version of the product. T. Rowe Price recently announced cost reductions for the trust product and, with these reductions; the benefit of using the trusts in lieu of the mutual fund versions has grown more compelling. Jayson will work with T. Rowe Price to prepare a simple summary of the two vehicles for the Board to consider at the next meeting.

**Report of the Investment Advisor**

Jayson presented the Third Quarter 2016 Performance Report and we discussed performance for each of the Plan's available investment options. The T. Rowe Price Equity Income Fund remains the only fund on watch and was again in violation of investment policy performance parameters. Jayson noted that the Fund continues to post relatively good numbers for 2016 and the new manager appears to be adding value since taking the helm last year. We again spent additional time discussing the Templeton Global Bond Fund. This Fund, which fell into investment policy performance violation as of the end of last quarter, has had a significant rebound and is no longer in violation of policy criteria.

The Board engaged in the annual review of the Plan's Investment Policy Statement. The document was approved as presented. Jayson will forward a final, clean version for signature and file.

The Board spent considerable time discussing the Plan's current fee and revenue sharing credit model. The Board requested that a summary explanation of the fee section of the Hyas Group report be prepared and presented at the next meeting. Additionally, the Board will review the annual Plan budget in the first quarter of next year and it was requested that all cash flow from both the in-plan and County accounts be clearly delineated. The Board may request that budget and cash flow information be presented more frequently than once per year. Jayson will work with O.C. Collier-Brown and Guen Toste to gather all the necessary information prior to the next meeting.

Jayson distributed sample "keep your money in the plan" communications that were prepared for other Hyas Group clients. These communications were prepared with the intent of educating terminated employees about the benefits of keeping their assets in the Plan and not rolling the money out to another source. The Board will review these samples and decide if they'd like to draft something similar for the King County Plan.

**Report of the Plan Administrator**

None

**Report of the Chair**

None

**Other Business**

None